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BEHAVIOR ANALYSIS OF COCOA MARKET IN THE DISTRICT PIDIE JAYA

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Abstract

This study aims to examine the behavior of the cocoa market in Pidie Jaya Regency, using a qualitative descriptive approach and a quantitative descriptive approach. Determination of the sample of farmers using simple random sampling method, while the determination of the sample of traders using the technique of snowball sampling. The results showed that there was a tendency for farmers to sell cocoa to village collectors compared to sub-district traders because of limited transportation facilities at the location of the land. There is collusion and strategies by farmers and traders in cocoa marketing. There is a tendency for traders to determine cocoa price standards among traders and set a minimum price for farmers, so that farmers are disadvantaged. This condition shows the existence of information asymmetry related to low selling prices for farmers and is detrimental to farmers

Keywords: Behavior, Marketing Channels, Strategy, Selling Price

1. INTRODUCTION

Agribusiness-oriented agricultural development is an approach that does not only see farmers as partial actors, but as subjects that are integrated with other agribusiness actors such as actors in the subsystem of production facilities (upstream off-farm), processing, marketing distribution (downstream on-farm). Agricultural development that is feasible to be developed in the Province of Nanggroe Aceh Darussalam is the development of modern agriculture with industrial culture, agribusiness-oriented and based in rural areas (Regional Development Planning Agency of Nanggroe Aceh Darussalam Province, 2000).

Pidie District is a district on the east coast in the province of Nanggroe Aceh Darussalam. The produce of Pidie Regency, such as melinjo, has become an export commodity. The fruit of this horticultural commodity is sent to foreign markets in the form of melinjo chips. Plantation crops in Pidie such as cocoa, coffee and areca nut are also selling well in the international market. For this reason, the Regional Development Planning Agency has declared cocoa as the region's leading commodity, both on-farm and out-farm development. The price of cocoa that applies at the farmer level is Rp. 10,000, -/kg, while the price at the urban merchant level is around Rp. 12.000,-/kg. Farmers' cocoa products are usually accommodated by collector traders at the village level.

In facing the era of trade liberalization, marketing has an important role in increasing the competitiveness of products, especially agricultural commodities. Weak marketing system will weaken competitiveness which in turn will reduce the income of business people. The unique characteristic of the marketing of agricultural commodities is that the product flow chain that is passed from the farm gate to the consumer is very long. Although each commodity has a distinctive pattern of marketing channels that distinguish it from other commodities or from other regions, in general the marketing channels for agricultural commodities are indicated by many actors who are directly or indirectly involved in the process of distributing these commodities.

The market behavior approach is carried out to monitor competition among business actors in various markets. How farmers take action due to existing market behavior. If the market is not running as expected, it will have an impact on the fairness and efficiency of the marketing system (Anindita, 2003).

2. IMPLEMENTATION METHOD

The research location was determined purposively, namely Pidie Jaya Regency to study the behavior of the cocoa market. The sample of farmers was carried out by simple random sampling method, namely simple random sampling. Determination of the sample of traders is done by using a snowball sampling technique.

Analysis of cocoa market behavior includes analysis of product flows and marketing channels, collusion and strategies of cocoa farmers and traders. Analysis of strategic problems is carried out with a qualitative descriptive approach.

3. RESULTS AND DISCUSSION

Product Flow and Marketing Channels

According to Sinaga et al. (2014), the current marketing process does not only distribute goods to consumers, but requires coordination and collaboration between marketing agencies, so that products can be distributed on time, quantity, place, and ownership. The prospect of cocoa development in Nanggroe Aceh Darussalam Province, especially Pidie Regency, is quite bright, considering the high demand for cocoa for international consumers. The selling price of cocoa varies depending on the moisture content and impurities (dregs) in each kilogram of cocoa sold. This is in line with Syahza (2003), who stated that the disparity between the high price of grain and rice is the result of the long channel and marketing chain of agricultural commodities. Problems related to marketing include high marketing margins, price fluctuations, the risk of fresh agricultural products and processing of fresh agricultural products is still low. The market structure is simply a collection of various factors that affect the level of competence in the market (Rahayu, 2013).

Cocoa at the farm level is distributed directly after harvest and even sales are carried out directly on the farmers' land. This causes the bargaining power of prices at the farm level to be relatively low. Generally, farmers sell their cocoa production to village collectors, with an average selling price of Rp. 13,000/kg or with a moisture content of 45% (1 day drying). This is done by farmers because they do not want to bear the risk of shrinkage due to rot, the location of the garden is far from the market center, lack of transportation facilities, relatively small sales volume and the need for household expenses. Drying is continued at the village and sub-district collectors' level for 3 days if the weather is sunny. Provincial wholesalers sell cocoa for Rp. 23,000/kg, while exporters sell for Rp. 27. 000/kg provided that the water content is 8% and the maximum amount of dirt (leaves, skin, pulp) is only 4%. Sometimes farmers sell cocoa directly to sub-district collectors if the volume of cocoa sales is greater, and have their own means of transportation, considering that the research location is quite far from the sub-district market.

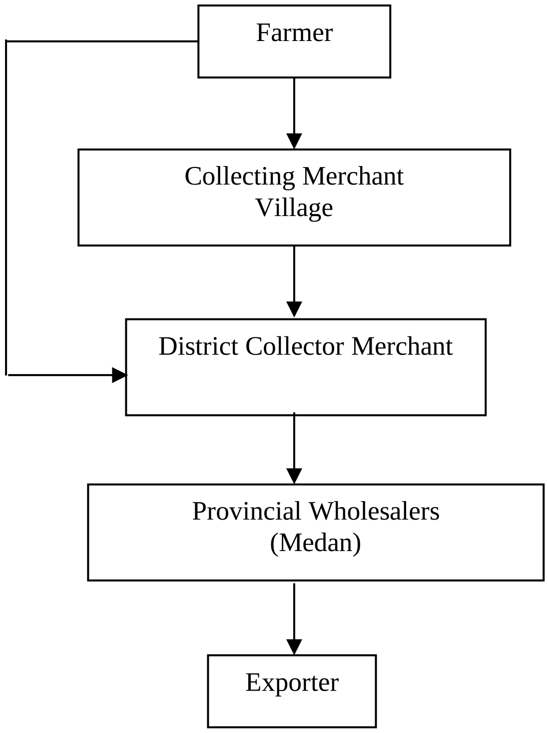

Image 1. Cocoa Marketing Channel

Collusion and Farmer Strategy

Market behavior is the behavior of marketing institutions that adjusts to the market structure that is formed (Rumallang et al, 2019). Farmers' decisions in the selection of marketing channels will determine the level of farmers' income (Jamilah 2010a, Jamilah 2010b, Nuhfil dan Jamilah, 2011). Broadly speaking, the position of farmers in the market is as price takers. The amount of income shows one level of success of a business (Jamilah, 2017). Farmers cannot determine the selling price. The results showed that farmers/breeders in the study area had difficulties in meeting household needs, especially before harvesting, so they were forced to borrow money from traders with the condition that they had to sell their harvests to the traders. In the marketing system, price fluctuations in agricultural products are a major problem (Irawan, 2007). In addition to the problem of the length of the marketing chain, price fluctuations can occur due to production that is only concentrated in certain areas, or inappropriate production patterns.

At the cocoa farmer level, several strategies are implemented, including:

a. Farmers sell cocoa after one day of drying to reduce the risk of shrinkage and rot. However, sometimes it only takes 1 hour to dry if there is an urgent need for funds and there are village traders who buy cocoa.
b. Sometimes farmers mix good quality cocoa with poor quality during sales so that all cocoa is sold at a higher price.
c. Generally, farmers are aware of the high demand for cocoa from traders, therefore, at harvest time, farmers actually increase the price of cocoa to traders. On the other hand, outside the harvest season, farmers sell at an average price.
d. The existence of information asymmetry has implications for the low price of cocoa at the farmer level.

Trader's Collusion and Strategy

Price competition among traders at every level is intense. If one of the traders increases the purchase price at the farmer level, other traders will follow, but if there is a decrease in the purchase price for one of the traders, it will not necessarily be followed by other traders. If this happens, it will certainly benefit the farmers, but in reality what often happens is the opposite, namely that traders simultaneously lower prices which have an impact on harming farmers or benefiting the traders. This proves that collusion among traders in the research area is still very strong.

At the cocoa trader level, there are several strategies applied in marketing cocoa, namely:

a. Determine the standard price of cocoa among traders and set a minimum price for farmers, so that in this case, farmers are always at a disadvantage.
b. Traders often mix good quality cocoa with low quality cocoa to reduce losses due to the low price of low quality cocoa.
c. Traders always carry out additional drying to increase the selling price of cocoa.
d. In order to fulfill the contract requirements, wholesalers usually buy cocoa from several other areas and sometimes even buy from other districts.

The distribution of price shares at the farmer level is not evenly distributed. This is common during large harvests because village collectors can sell larger quantities of coffee to wholesalers. Farmers directly sell to wholesalers at a higher price even though farmers have to pay a small amount of transportation costs, but the percentage of expenses is relatively smaller than the profits received by farmers. The distribution of this price share which is not evenly distributed also shows that the cocoa marketing system is not efficient. The highest price share for cocoa farmers occurs at the time of big harvest and farmers can sell directly to sub-district collectors at a higher price. The shorter the marketing channel, the greater the price gain at the farmer level.

The distribution of marketing margins is uneven between marketing channels. The lowest marketing margin occurs when farmers sell directly to sub-district collectors. This sale is usually in large quantities during large harvests (100 – 200 kg) and usually after drying for 2-3 days so that the selling price of cocoa is relatively higher. Considering that the world's demand for cocoa is relatively higher than world production, so that during a big harvest, the price of cocoa is actually more expensive than when it is produced a little because traders have ordered cocoa from farmers before harvest. Small-scale modern export-oriented agroindustry is the best way to transfer knowledge and technology. States that compared to staple crops, cash crops provide a higher contribution to overall economic growth so that it can help break the cycle of poverty (Yusnidar et al.,2021).

4. CONCLUSION

a. The alternative for selecting the marketing channel is based on the quantity and quality of cocoa beans, the marketing costs incurred, the financial condition of the farmers in meeting household needs, and the supply and demand situation for cocoa.
b. There is a tendency for traders to not provide accurate information regarding cocoa prices at the farmer level, especially when cocoa prices increase. This condition is clearly very detrimental to farmers considering that price information is difficult to access for cocoa farmers in remote areas of Aceh.
c. Collusion among traders in the research area is still very strong. Price competition among traders at every level is intense. If one of the traders increases the purchase price at the farmer

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level, other traders will follow, but if there is a decrease in the purchase price for one of the traders, it will not necessarily be followed by other traders.

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